

# Fact Sheet

## Corporate Overview

TVA, a U.S. Government-owned corporation and the nation's largest wholesaler of electricity, is uniquely positioned to provide the powerful balance required for fair and equitable restructuring of the electric utility industry. In 1933 TVA was established by Congress through the TVA Act to provide a reliable supply of power at the lowest feasible rates, and to strengthen the regional economy. TVA supplies the energy needs of nearly 8 million people every day for dependable, competitively priced electricity and does it in a way that protects the interests of the public it serves. No U.S. tax dollars support the TVA power system.

TVA's core businesses of electricity generation, electricity transmission and integrated resource management reflect the unique nature and mission of TVA.



the powerful balance

## Quick Facts

NYSE Symbols	
Bonds	"TVA"
QIDS	"TVA" (Tn Vly QIDS 45, 8.00%) "TVB" (Tn Vly QIDS 46, 7.50%)
PARRS	"TVC" (Tn Vly PARRS 28, 6.75%)
Total Revenue	\$6.7 billion
Total Assets	\$33.6 billion
Fiscal Year	September 30
Ownership	United States Government
Charter	TVA Act - 1933
Board of Directors	Craven Crowell, Chairman Johnny H. Hayes, Director William H. Kennoy, Director
Employees	13,818
Geographic Area	Southeastern United States
Core Businesses	Electricity Generation Electricity Transmission Integrated Resource Management
Total Cost of Power	3.98¢ kWh
Customers	159 Municipal and Cooperative Distributors 64 Industrial and Federal Accounts 8 million Residents

## Financial Highlights

(millions)

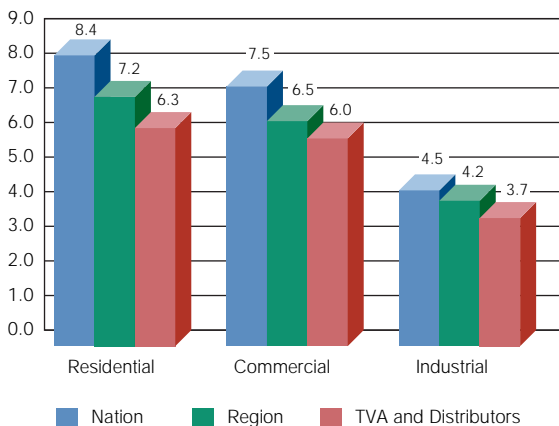
	1998	1997
Operating Revenues	\$ 6,729	\$ 5,934
Operating Expenses	<u>(4,549)</u>	<u>(4,080)</u>
Operating Income	2,180	1,854
Other Income, net	12	157
Interest Expense	<u>(1,959)</u>	<u>(2,003)</u>
Net Income	\$ <u>233</u>	\$ <u>8</u>
Total Assets	\$ <u>33,615</u>	\$ <u>33,684</u>
Capitalization:		
Long-Term Debt	24,520	24,726
Proprietary Capital	<u>4,148</u>	<u>3,975</u>
Total Capitalization	\$ <u>28,668</u>	\$ <u>28,701</u>

# Electricity Generation

TVA provides power to the Valley at the lowest feasible price, consistent with its Federal mandate.

## Affordable

Average Cents Per kWh

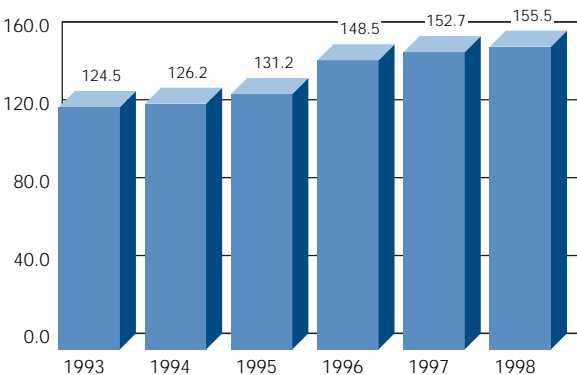


Source: Energy Information Administration, average price data for 7/97 through 6/98

- Nation's largest wholesaler of electricity
- 28,498 megawatts of capacity (net winter dependable)
- 11 fossil plants (59 units, 15,003 megawatts)
- 3 nuclear plants (5 units, 5,620 megawatts)
- 29 hydro plants (109 units, 3,959 megawatts)
- 4 combustion turbine plants (48 units, 2,384 megawatts)
- 1 pumped storage plant (4 units, 1,532 megawatts)

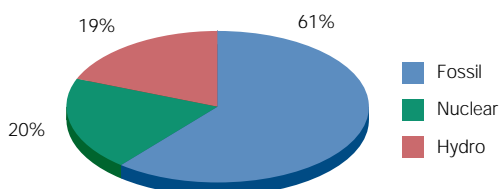
## System Generation

Billions of kWh



## Generation Mix

Percent of Total Capacity

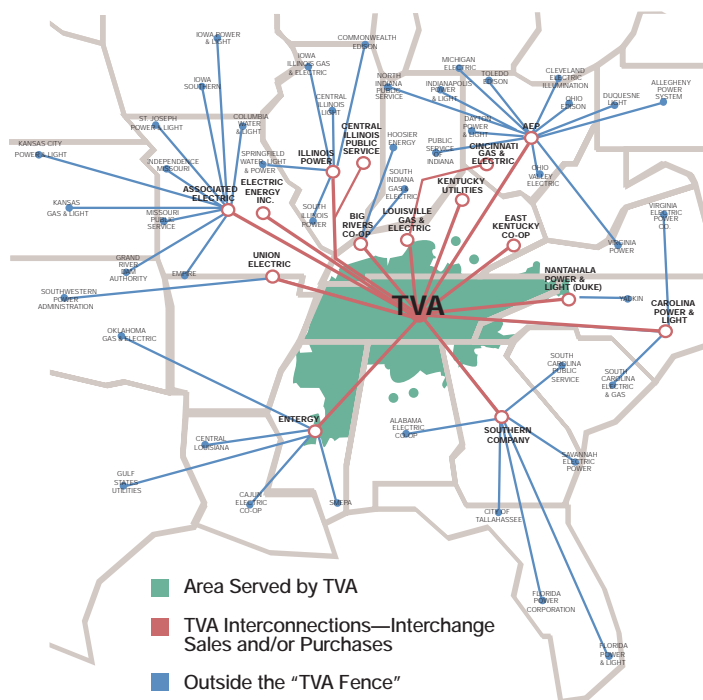


# Electricity Transmission

TVA serves the public interest through an ample supply of reliable power.

## Reliable

- Reliable under severe contingencies
- Well-positioned for power transfers
- 17,000 miles of transmission line
- 130,000 transmission line structures
- 850 individual interchange and delivery points
- 240,000 right-of-way acres
- 20,000 communication circuits
- A regional trading hub for the Chicago Board of Trade



## Integrated Resource Management

TVA balances the competing needs of navigation, flood control, power supply, land use, water quality and recreation.

## Responsible

- Nation's fifth-largest river system
- 80,000 square miles of service area
- 650 miles of navigable river
- 25 dams for flood control
- 29 dams for power production
- 480,000 acres of recreation lakes
- 170,000 acres of recreation area
- 277,000 acres of reservoir land
- 11,000 miles of public shoreline
- 46 million tons of product shipped annually on the Tennessee River

# Customer Characteristics

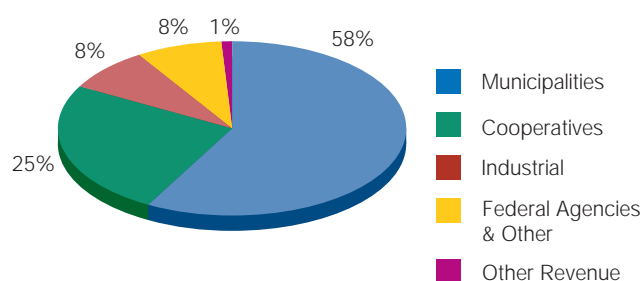
## Customers and Markets

- 159 power distributors
- 64 large industrial and federal customers
- 8 million residential customers
- Tennessee and parts of six other states
- 4% average annual sales growth since 1993

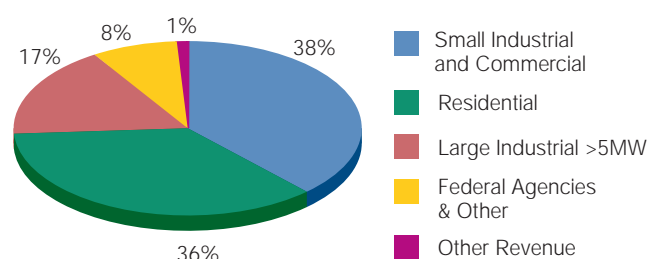
## Customer Summary

	Wholesale Customers	Directly-Served Customers
<b>Number</b>	109 municipal and 50 cooperative power distributors	64 industrial companies and federal agencies
<b>Contracts</b>	Long-term contracts with all	Long-term contracts with all
<b>TVA's Power Sales Revenues</b>	83 Percent	16 Percent
<b>TVA's Total kWh Sales</b>	76 Percent	24 Percent

## Power Revenues by Customer



## Power Revenues by Consumer



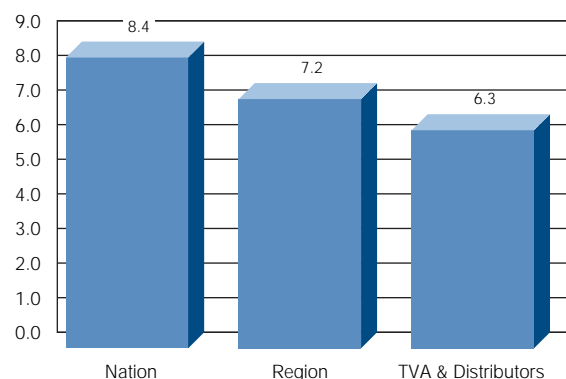
# Competitive Position

## Key Accomplishments

- Reduced debt by more than \$1 billion since 1996
- Saved more than \$200 million in annual interest costs since 1993 through refinancing
- Reduced capital expenditures by 73% since 1993
- Increased productivity by 67% since 1993
- Increased generation by 25% since 1993

## Average Residential Prices

Cents per kWh



Source: Energy Information Administration, July 1997 through June 1998.

## Customer Contracts

	Power Distributors	Directly-Served Companies
Long-term contracts	All 159	All 64
10-year rolling (requires 10-year written notice)	57	
15-year rolling (requires 15-year written notice)	5	
4+ 5-year rolling (requires 5-year written notice, not to be given for at least four years)	97	



## Investor Information

## Earnings Objective

Consistent with its Federal charter, TVA's objective is to deliver a reliable supply of power to its customers "at rates as low as are feasible," so TVA operates much like a non-profit corporation. TVA is also required by statute and bond resolutions to achieve certain levels of revenues for the protection of its investors. As a corporation wholly owned by the United States Government, TVA primarily finances its capital requirements by issuing debt. TVA does not accumulate and carry forward a large amount of retained earnings because it does not generate a large profit. TVA is not authorized by the TVA Act to issue equity securities. TVA pays its owner, the United States Government, an uninterrupted cash dividend as a market rate of interest return on the government's initial appropriation investment in TVA power facilities. TVA has reduced the government's initial \$1.4 billion appropriation investment by \$20 million annually. The 1998 combined payment to the U.S. Treasury was \$60 million. Payments to the U.S. Treasury since 1959 have exceeded \$3 billion.

## Financing Objectives

- Obtain cost-effective financing rates
- Be customer-driven
- Broaden the investor base
- Lengthen average maturity
- Maintain flexibility through optionality when feasible

## Investment Facts

- TVA is wholly owned by the U.S. Government
- TVA's power bonds receive the highest rating—Moody's Aaa, Standard & Poor's AAA
- Bonds are not obligations of nor guaranteed by the U.S. Government
- Bonds are generally exempt from state and local income taxes
- Power bonds have an exclusive first pledge of payment from net power proceeds
- Bonds are generally eligible as collateral for U.S. Treasury tax and loan accounts
- TVA is required by law to charge rates sufficient to ensure full payment of annual debt service
- TVA has full discretion to set rates for electricity
- Bonds are generally legal investments for fiduciary, trust and public funds under the control of the U.S. Government



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